



State Board of Equalization

News Release

Michelle Steel, Member

3rd District – Rolling Hills Estates

Ramon J. Hirsig
Executive Director
www.boe.ca.gov

**For Immediate Release
January 29, 2009**

**Contact: NR 5-09-S
John Hrabe
310-377-6313**

Steel: October 2008 Gas Use Data = Bad News for State Revenue Projections

Michelle Steel, Third District Member of the State Board of Equalization (BOE), today released new gasoline usage data that could predict a significant decline in the state's 2009 gas tax revenue. The October 2008 figures show that Californians used 5.1% less gasoline in October 2008, down 67 million gallons from the prior year. Californians used a total of 1.25 billion gallons of gasoline in October 2008, compared with 1.32 billion in October 2007.

"From a long term outlook, gas use has consistently trended down," explained Board of Equalization Member Michelle Steel. "At the same time, gas prices dropped dramatically in November 2008, which is not reflected in the current data. Combine the decline in gas usage with the dramatic price drop in late 2008, and California should have serious concerns about gas tax revenues for 2009."

Over the past several years, California has received a boon in gas tax revenue, even as usage declined, due to higher gas prices. The average California gas price at the pump in October 2008 was \$3.44 per gallon, a 10.6 percent increase from the average price in October 2007 when it was \$3.11. Gasoline sold at the higher price in October 2008 generated approximately \$343 million in sales tax during that month, an estimated \$17 million more than was generated in October 2007.

But, the days of higher prices and higher tax revenues from those high prices have ended. According to [AAA's Daily Fuel Gauge Report](#), the current California average pump price for unleaded gasoline is \$2.10 per gallon.

Diesel fuel sold for use on California roads totaled 252 million gallons in October 2008, an 8.6 percent decline, which is 24 million gallons below that of October 2007. The decreased consumption reflects both the impacts of higher diesel prices of \$3.57 in October 2008 and the slowing economy that is associated with less freight movement on California roads and highways. California diesel prices were up 9.2 percent in October 2008 compared to October of 2007 when the average diesel price was \$3.27.

The BOE is able to monitor gallons through tax receipts paid by fuel distributors. Figures for November 2008 are scheduled to be available at the end of February 2009. All monthly, quarterly, and annual figures can be viewed on the BOE website at: www.boe.ca.gov/sptaxprog/spftrpts.htm.

Taxable Gasoline Gallons: www.boe.ca.gov/sptaxprog/reports/MVF_10_Year_Report.pdf

Taxable Diesel Gallons: www.boe.ca.gov/sptaxprog/reports/Diesel_10_Year_Report.pdf

Elected to the Board of Equalization in 2006, Michelle Steel serves as the country's highest ranking Korean-American elected official. She represents the more than 8.5 million taxpayers of the Third Board of Equalization District, including the counties of Los Angeles, Orange, San Diego, Riverside, Imperial and San Bernardino.

The five-member California State Board of Equalization (BOE) is a publicly elected tax board. The BOE collects more than \$53 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals,

acts as the appellate body for franchise and personal income tax appeals, and serves a significant role in the assessment and administration of property taxes.

###